CITY OF TAKOMA PARK, MARYLAND Takoma Park, Maryland

FINANCIAL STATEMENTS June 30, 2004

CITY OF TAKOMA PARK, MARYLAND LIST OF CITY OFFICIALS Year Ended June 30, 2004

MAYOR

KATHRYN PORTER

CITY COUNCIL

JOY AUSTIN-LANE HEATHER MIZEUR BRUCE R. WILLIAMS DOUG BARRY

TERRY SEAMENS MARC ELRICH

CITY MANAGER

RICHARD M. FINN

FINANCIAL CONSULTANT

LINDA C. McKENZIE

INDEPENDENT AUDITORS

CILFTON GUNDERSON LLP

Prepared by the Finance Division

TABLE OF CONTENTS

	PAGE
LIST OF CITY OFFICIALS	i
REQUIRED SUPPLEMENTAL INFORMATION	
Management's Discussion and Analysis	1
INDEPENDENT AUDITOR'S REPORT	8
BASIC FINANCIAL STATEMENTS	
Statement of Net Assets	
Statement of Activities	12
Balance Sheet - Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet to the	
Statement of Net Assets	14
Statement of Revenues, Expenditures and Changes in Fund Balances –	
Governmental Funds	15
Reconciliation of the Governmental Funds Statement of Revenues,	
Expenditures and Changes in Fund Balances to the Statement of Activities	16
Schedule of Revenues, Expenditures and Changes in Fund Balances Revised	
Budget (Non-GAAP Budgetary Basis) and Actual Community Center	17
Statement of Revenues and Expenditures – Budget and Actual General	
Fund (Non-GAAP Budgetary Basis)	18
Statement of Fiduciary Net Assets	19
Statement of Changes in Fiduciary Net Assets	20
Summary of Significant Accounting Policies	21
Notes to General Purpose Financial Statements	26
SUPPLEMENTAL INFORMATION	40
General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance -	
Revised Budget and Actual – (Non-GAAP Budgetary Basis)	41
Non-Major Funds – Combining Balance Sheet	44
Non-Major Funds – Combining Schedule of Revenues, Expenditures and	
Changes in Fund Balances	45
Schedule of Revenues, Expenditures and Changes in Fund Balances –	
Revised Budget (Non-GAAP Budgetary Basis) and Actual Montgomery County	
Community Development Block Grant Fund	46
Schedule of Revenues, Expenditures and Changes in Fund Balances – Revised	
Budget (Non-GAAP Budgetary Basis) and Actual Program Open Space	47
Schedule of Revenues, Expenditures and Changes in Fund Balances -	
Revised Budget (Non-GAAP Budgetary Basis) and Actual Other	
Special Revenue Funds	48

As management of the City of Takoma Park, we offer this overview and analysis of the City's financial activities for the fiscal year ended June 30, 2004. We encourage readers to consider the information presented herein in conjunction with the accompanying transmittal letter and financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City of Takoma Park exceeded its liabilities at the close of the fiscal year by \$9,737,439 (net assets). This represents an increase of \$741,322 from the prior year. Of the City's total net assets, \$1,697,656 may be used to meet the government's ongoing obligations to citizens and creditors (unrestricted net assets).
- As of June 30, 2004, the City of Takoma Park's governmental funds reported combined ending fund balances of \$3,392,803, a decrease of \$2,916,040 from the prior year. Of this amount, \$357,917 is available for spending at the government's discretion (unreserved fund balance).
- At the end of the fiscal year, the unreserved fund balance for the General Fund was \$705,886.
- The City of Takoma Park's general long-term debt decreased by \$156,861 during the fiscal year.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Takoma Park's basic financial statements. The City of Takoma Park's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Takoma Park's finances. All City operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as police, public works, recreation, community development, and general government administration. The City currently does not have any business-type activities.

The government-wide financial statements can be found on pages 11 - 12 of this report.

Statement of Net Assets. The Statement of Net Assets presents information on all of the City of Takoma Park's assets and liabilities, with the difference between the two reported as net assets. Net assets are further separated into those amounts restricted for specific purposes and unrestricted amounts. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Takoma Park is improving or deteriorating.

Statement of Activities. The Statement of Activities presents information on how the government's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Takoma Park, like other local governments, uses fund accounting to ensure and to demonstrate compliance with finance-related legal requirements. All of the funds of the City of Takoma Park can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The basic governmental fund financial statements can be found on pages 13 - 18 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Takoma Park's own programs.

The basic fiduciary fund financial statements can be found on pages 19 - 20 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 - 39 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Takoma Park's budgetary comparisons. Required supplementary information can be found on pages 41 - 48 of this report.

THE CITY AS A WHOLE

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Takoma Park, assets exceeded liabilities by \$9,737,439 as of June 30, 2004.

By far the largest portion of the City of Takoma Park's net assets reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. This investment totaled \$6,361,971, or 65.3 percent of the City's net assets as of June 30, 2004. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Restricted net assets totaled \$1,677,812. This amount represents external restrictions imposed by creditors, grantors, or laws and regulations of other governments.

Unrestricted net assets equaled \$1,697,656. This category presents the net assets of the City not included elsewhere.

The City of Takoma Park's net assets increased by \$741,322 during the fiscal year. The following table reflects the City's net assets as of June 30, 2004 compared to June 30, 2003.

Governmental Funds

	2004	2003
Net assets		
Assets Current and other assets Capital assets	\$ 6,133,051 <u>8,816,556</u>	\$ 8,743,629 5,350,482
Total assets	14,949,607	14,094,111
Liabilities Current and other liabilities Long-term liabilities Total liabilities	1,980,242 3,231,926 5,212,168	1,709,207 3,388,787 5,097,994
Net assets Invested in capital assets, net of related debt Restricted Unrestricted	6,361,971 1,677,812 1,697,656	2,465,056 1,617,967 4,913,094
Total net assets	<u>\$ 9,737,439</u>	\$ 8,996,117

Governmental Activities

Governmental activities increased the City of Takoma Park's net assets by \$741,322. The key elements of this increase are shown below. Information for the prior fiscal year is provided for comparative purposes.

Governmental Activities		
	2004	2003
Change in Net Assets		
Revenues		
Program revenues:		
Charges for services	\$ 878,620	\$ 941,079
Operating grants and contributions	5,716,825	4,534,872
Capital grants and contributions	986,403	239,970
General revenues:		
Property taxes	6,634,987	6,112,206
Shared taxes	1,583,275	1,449,812
Miscellaneous	133,742	630,506
Unrestricted investment earnings	67,832	<u>191,071</u>
Total revenues	16,001,684	14,099,516
Expenses		
General government	2,543,571	2,738,005
Police	4,374,347	4,115,905
Public works	4,174,364	3,499,188
Housing and community development	1,214,972	763,328
Recreation and culture	2,209,011	2,006,076
Non-departmental	637,546	981,302
Interest on long-term debt	106,551	106,606
Total expenses	15,260,362	14,210,410
Change in net assets	741,322	(110,894)
Net assets, beginning of year	8,996,117	9,107,011
Net assets, end of year	\$ 9,737,439	\$ 8,996,117

As shown above, the cost of all governmental activities was \$15,260,362. Those who directly benefited from the services (\$878,620) paid some activity costs. The City also received operating and capital grants and contributions from other governments and organizations (\$6,703,228), which reduced the amount paid by Takoma Park residents for certain services.

The net cost of the City's governmental activities equaled \$7,678,514. Of this amount, \$6,634,987 was paid for by real and personal property taxes levied upon City resident.

Financial Analysis of the City's Funds

As of June 30, 2004, the City's governmental funds had combined fund balances of \$3,392,803, a decrease of \$2,916,040 from the prior year. Approximately one-half of this amount is reserved to indicate that it is not available for new spending. The reserved portion of the fund balance totals \$1,696,487.

The General Fund is the chief operating fund of the City of Takoma Park. At the end of the fiscal year, it had a total fund balance of \$2,689,408. Of this amount, \$1,215,933 or about 45 percent is reserved for the following purposes:

•	Equipment replacement	\$ 884,837
•	Emergency	312,421
•	Encumbrances	18,675

Additional monies (\$767,589) are unreserved but designated for the subsequent fiscal year. The undesignated portion of the fund equals \$705,886.

The General Fund fund balance decreased by \$3,180,142 from the prior year. Key factors in this reduction are as follows:

- Fund expenditures exceeded fund revenues by \$180,104.
- Operating transfers totaling \$3,019,513 were made to the Community Center Fund and to the Special Revenue Funds. The transfer to the Community Center Fund equaled \$2,878,613. This amount includes proceeds from a 2002 bond issue for the Community Center project that were originally deposited in the General Fund upon receipt.

The City's other major fund is the Community Center Fund, which was established to track financial activity related to construction of the facility. The Fund had a fund balance of \$570,810 as of June 30, 2004.

The City's non-major funds had a combined fund balance of \$132,585 as of year-end. This represents a decrease of \$306,708 from the prior year. Non-major funds account for such activities as storm water management, rehabilitation loans and grants, and projects funded by grant programs such as the Community Development Block Grant program.

GENERAL FUND BUDGETARY HIGHLIGHTS

On a budgetary basis, actual revenues for the fiscal year exceeded budget by \$156,461. Higher than anticipated revenues from income tax accounted for the majority of the variance. Property taxes and highway user revenues also performed better than expected. Revenues from fines and forfeitures, investment earnings, and charges for services were less than the budgeted amounts.

Actual expenditures were \$797,830 less than the revised budget authorization. The majority of the variance was attributable to savings in public safety, capital outlay, and non-departmental expenditures. General Government expenditures exceeded the budged amount. Legal costs comprised the largest share of the overage.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2004, the City of Takoma Park had \$8,816,556 invested in a broad range of capital assets, including buildings, roads and other infrastructure, vehicles, and equipment. This amount represents a net increase of \$3,466,074 or 64.8 percent, from the prior year. The vast majority of this increase was attributable to the on-going construction of the new Community Center.

Further information on the City's capital assets is shown below:

Governmental Activities

	2004	2003
Capital Assets (net of depreciation)		-
Land	\$ 1,781,269	\$ 1,781,269
Construction in progress	3,596,619	-
Buildings	1,323,999	1,428,979
Improvements other than buildings	584,195	638,791
Equipment	1,530,474	1,501,443
Total	<u>\$ 8,816,556</u>	\$ 5,350,482

Debt

At year-end, the City had \$3,231,926 in outstanding debt, a decrease of 4.6 percent. This amount is comprised of long-term notes and bonds, capital leases, and accrued obligations for compensated absences.

Further information on the City's outstanding debt is shown in the following table. Information for the prior fiscal year is shown for comparative purposes.

Governmental Activities

	2004		2003	
Long-Term Liabilities				
Long-term note – MICRF	\$	32,260	\$	37,260
Loan payable – Montgomery County		255,000		305,000
Bonds payable		236,999		257,166
Bonds payable		1,907,000		1,978,800
Capital lease payable		295,227		344,461
Capital lease payable		15,359		_
Accrued obligations for compensated absences		476,484		452,503
Net pension obligation		13,597	_	13,597
Total	<u>\$</u>	3,231,926	<u>\$</u>	3,388,787

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following are some highlights of the adopted budget for the fiscal year beginning July 1, 2004:

- The tax rate for real property remains unchanged at \$0.66 per \$100 of assessed valuation, which will generate approximately \$726,000 of additional revenue from this source.
- Tax duplication payments received from Montgomery County are anticipated to increase by about \$466,000.
- Funding in the amount of \$140,000 is included for implementation of various City priorities, including a new Urban Management Forest Plan and expanded communication and outreach efforts.
- The new Community Center is anticipated to open in January 2005. The budgets for the Library and the Recreation Department have been adjusted accordingly to reflect six months of operation.
- Non-departmental expenditures include \$100,000 for additional studies and for potential litigation if Washington Adventist Hospital proceeds with its full expansion plans.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the monies it receives. If you have any questions about this report or need additional information, please contact the City of Takoma Park Finance Department, 7500 Maple Avenue, Takoma Park, Maryland 20912.



Independent Auditor's Report

The Honorable Mayor and Members of City Council City of Takoma Park, Maryland

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Takoma Park, Maryland as of and for the year then ended June 30, 2004, as listed on the foregoing table of contents, which collectively comprise the City's basic financial statements. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City of Takoma Park, Maryland at June 30, 2004, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements, but supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information, such as the combining and individual non-major fund financial statements and schedules listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Takoma Park, Maryland. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated March 15, 2005, on our consideration of the City of Takoma Park's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Baltimore, Maryland March 15, 2005

Clifton Genderson LLP

BASIC FINANCIAL STATEMENTS

CITY OF TAKOMA PARK, MARYLAND STATEMENT OF NET ASSETS June 30, 2004

	Governmental Activities
ASSETS	
Cash and temporary investments	\$ 3,535,113
Accounts receivable, net	492,821
Notes receivable, net	239,355
Due from other units of government	1,845,419
Other assets	20,343
Capital assets, net	8,816,556
Total assets	14,949,607
LIABILITIES	
Accounts payable	1,366,787
Accrued liabilities	430,647
Deposits and escrows held	56,662
Due to other governments	13,509
Deferred revenue	112,637
Non-current liabilities:	
Due within one year	560,062
Due in more than one year	2,671,864_
Total liabilities	5,212,168
NET ASSETS	
Invested in capital assets, net of related debt	6,361,971
Restricted	1,677,812
Unrestricted	1,697,656
TOTAL NET ASSETS	\$ 9,737,439

CITY OF TAKOMA PARK, MARYLAND STATEMENT OF ACTIVITIES Year Ended June 30, 2004

				Prog	gram Revenu	es		Reven	et (Expense) ue and Change Net Assets
Functions/Programs	Expenses		arges for Services	G	Operating rants and ntributions	G	Capital rants and ntributions		overnmental Activities
Governmental activities: General government Public safety Public works Housing and community development Recreation and culture Nondepartmental Interest on long-term debt TOTAL GOVERNMENTAL ACTIVITIES	\$ 2,543,571 4,374,347 4,174,364 1,214,972 2,209,011 637,546 106,551 \$ 15,260,362	\$	40,866 104,539 340,060 204,222 188,933 - - 878,620	\$	653,115 2,860,114 1,700,025 503,571 - 5,716,825	\$	986,403 - - - - - - - 986,403	\$	(863,187) (1,409,694) (2,134,279) (1,010,750) (1,516,507) (637,546) (106,551) (7,678,514)
	General revenues: Taxes: Property taxes Shared taxes Miscellaneous Unrestricted inventated general reventated CHANGE IN NET NET ASSETS, BI	estmer nues a T ASS EGINI	nt earnings nd special ite SETS NING OF Y	ems	oses				6,634,987 1,583,275 133,742 67,832 8,419,836 741,322 8,996,117

CITY OF TAKOMA PARK, MARYLAND BALANCE SHEET GOVERNMENTAL FUNDS June 30, 2004

	General Fund	Community Center Fund	Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,077,140	\$ 116,216	\$ 341,757	\$ 3,535,113
Receivables, net	421,476	-	71,344	492,820
Notes receivable, net	-	-	239,355	239,355
Due from other funds	583,040	626,112	323,923	1,533,075
Due from other units of government	761,456	801,637	282,326	1,845,419
Other assets	20,343			20,343
TOTAL ASSETS	\$ 4,863,455	\$ 1,543,965	\$ 1,258,705	\$ 7,666,125
LIABILITIES				
Accounts payable	434,362	765,799	158,441	1,358,602
Accrued liabilities	418,018	-	-	418,018
Deposits and escrows held	56,662	-	-	56,662
Due to other funds	492,371	207,356	833,348	1,533,075
Due to other units of government	-	-	13,509	13,509
Deferred revenue	635,388	-	120,822	756,210
Compensated absences payable	137,246			137,246
Total liabilities	2,174,047	973,155	1,126,120	4,273,322
FUND BALANCES				
Reserved	1,215,933	-	480,554	1,696,487
Unreserved:				
Designated for:				
Subsequent years' expenditures	767,589	-	-	767,589
Community center	-	570,810	-	570,810
Undesignated	705,886	-	(347,969)	357,917
Total fund balances	2,689,408	570,810	132,585	3,392,803
TOTAL LIABILITIES AND				
FUND BALANCES	\$ 4,863,455	\$ 1,543,965	\$ 1,258,705	\$ 7,666,125

CITY OF TAKOMA PARK, MARYLAND RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS June 30, 2004

Total fund balances - governmental funds (Exhibit 3)	\$ 3,392,803
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of these assets is \$12,818,972 and the accumulated depreciation is \$4,002,415.	8,816,557
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(3,094,680)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(12,629)
Certain receivables are offset by deferred revenue in the governmental funds since they are not available to pay for current-period expenditures. This is the amount of deferred revenue related to these receivables.	635,388
Total net assets - governmental activities (Exhibit 1)	\$ 9,737,439

CITY OF TAKOMA PARK, MARYLAND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

Year Ended June 30, 2004

	General Fund	Community Center Fund	Non-Major Funds	Total Governmental Funds
REVENUES		•	•	A 0 (10 450
Taxes and utility fees	\$ 8,618,452	\$ -	\$ -	\$ 8,618,452
Licenses and permits	60,841	-	3,021	63,862
Fines and forfeitures	104,539	-	-	104,539
Use of money and property	67,280	-	552	67,832
Charges for services	535,401		237,785	773,186
Intergovernmental	3,494,647	1,288,816	1,220,772	6,004,235
Miscellaneous	382,952		-	382,952
Total revenues	13,264,112	1,288,816	1,462,130	16,015,058
EXPENDITURES				
General government	2,027,868	47,531	357,271	2,432,670
Public safety	4,129,507	-	162,610.00	4,292,117
Public works	3,127,512	-	869,954	3,997,466
Housing and community development	955,228	-	257,000.00	1,212,228
Recreation and culture	1,896,255	-	262,903	2,159,158
Nondepartmental	606,117	-	-	606,117
Capital outlay	394,641	3,549,088	-	3,943,729
Debt service:				
Principal	200,317	-	-	200,317
Interest	106,771			106,771
Total expenditures	13,444,216	3,596,619	1,909,738	18,950,573
Excess (deficiency) of revenues				
over expenditures	(180,104)	(2,307,803)	(447,608)	(2,935,515)
OTHER FINANCINGS SOURCES (USES)				
Loan proceeds	19,475	-	-	19,475
Transfers in (out)	(3,019,513)	2,878,613	140,900	
Total other financing sources (uses)	(3,000,038)	2,878,613	140,900	19,475
Excess (deficiency) of revenues and other financing sources over expenditures and				
other financing uses	(3,180,142)	570,810	(306,708)	(2,916,040)
FUND BALANCE, BEGINNING OF YEAR	5,869,550	<u> </u>	439,293	6,308,843
FUND BALANCE, END OF YEAR	\$ 2,689,408	\$ 570,810	\$ 132,585	\$ 3,392,803

CITY OF TAKOMA PARK, MARYLAND RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES June 30, 2004

Total net change in fund balances - governmental funds (Exhibit 5)	\$ (2,916,040)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$3,912,300) exceeds depreciation expense (\$446,225) in the period.	3,466,075
In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for compensated absences are measured by the amount of financial resources used (essentially, the amounts actually paid or expected to be paid within one year). This year, vacation earned exceeded the amounts used by \$23,599.	23,599
Long-term debt repayments are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of long-term debt repayments for 2004.	200,317
Long-term debt proceeds are another financing source in the governmental funds, but the proceeds increases long-term liabilities in the statement of net assets. This is the amount of long-term debt proceeds for 2004.	(19,475)
Interest expense in the statement of activities differs from the amount reported in governmental funds due to the net change in accrued interest.	220
Under the modified accrual basis of accounting, revenues are not recognized unless they are deemed "available" to finance current expenditures. Accrual-basis recognition is not limited by availability, so certain revenues need to be reduced by the amounts that were unavailable at the beginning of the year and increased by the amounts that were unavailable at the end of the year. This adjustment records a net decrease in "unavailable" revenues at the end of the year over the amount at the beginning of the year.	(13,374)
Change in net assets of governmental activities (Exhibit 2)	\$ 741,322

CITY OF TAKOMA PARK, MARYLAND STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND

(NON-GAAP BUDGETARY BASIS) Year Ended June 30, 2004

	Original Budget	Final Budget	Actual Amounts - Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and utility fees	\$ 8,308,976	\$ 8,308,976	\$ 8,618,452	\$ 309,476
Licenses and permits	38,000	57,854	60,841	2,987
Fines and forfeitures	144,500	144,500	104,539	(39,961)
Use of money and property	160,000	160,000	67,280	(92,720)
Charges for services	647,000	659,624	535,401	(124,223)
Intergovernmental	3,498,364	3,498,364	3,494,647	(3,717)
Miscellaneous	193,500	278,333	382,952	104,619
Total revenues	12,990,340	13,107,651	13,264,112	156,461
EXPENDITURES				
Current:				
General government	1,763,765	1,839,065	2,027,868	(188,803)
Public safety	4,448,327	4,448,327	4,129,507	318,820
Public works	3,078,654	3,115,632	3,127,512	(11,880)
Housing and community development	980,326	983,326	955,228	28,098
Recreation and culture	2,003,911	2,006,411	1,896,255	110,156
Non-departmental	910,374	751,554	624,791	126,763
Capital outlay	520,000	653,507.00	238,901	414,606
Debt service	307,158	307,158	307,088	70
Total expenditures	14,012,515	14,104,980	13,307,150	797,830
Excess (deficiency) of revenues				
over expenditures	(1,022,175)	(997,329)	(43,038)	954,291
OTHER FINANCING SOURCES (USES)				
Loan proceeds	20,000	20,000	19,475	(525)
Transfers out	(3,825)	(2,725,734)	(3,019,513)	(293,779)
Total other financing sources (uses)	16,175	(2,705,734)	(3,000,038)	(294,304)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses before				
fund balance appropriation	(1,006,000)	(3,703,063)	(3,043,076)	659,987
APPROPRIATION OF FUND BALANCE EXCESS (DEFICIENCY) OF REVENUES	1,006,000	3,703,063	3,043,076	(659,987)
AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES AND				
FUND BALANCE APPROPRIATION	\$ -	\$ -	\$ -	\$ -

CITY OF TAKOMA PARK, MARYLAND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES REVISED BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL COMMUNITY CENTER Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental - grants and contracts	\$ 5,065,778	\$ 6,593,434	\$ 1,288,816	\$ (5,304,618)
Total revenues	5,065,778	6,593,434	1,288,816	(5,304,618)
EXPENDITURES				
General government	47,638	47,638	47,531	(107)
Construction cost	5,018,140	6,545,796	3,549,088	(2,996,708)
Total expenditures	5,065,778	6,593,434	3,596,619	(2,996,815)
Excess (deficiency) of revenues over expenditures			(2,307,803)	(2,307,803)
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund	-	-	2,878,613	2,878,613
Total other financing sources (uses)	-	_	2,878,613	2,878,613
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ -	\$ 570,810	\$ 570.810

CITY OF TAKOMA PARK, MARYLAND STATEMENT OF FIDUCIARY NET ASSETS June 30, 2004

	Police Pension Trust	Defined Contribution Plan	Total
ASSETS			
Investments with fiscal agents	\$ 2,388,059	\$ 48,120	\$ 2,436,179
NET ASSETS			
Held in trust for pension benefits	\$ 2,388,059	\$ 48,120	\$ 2,436,179

CITY OF TAKOMA PARK, MARYLAND STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS Year Ended June 30, 2004

	Police Pension Trust		Defined Contribution Plan		 Total
ADDITIONS					
Employer contributions	\$	398,453	\$	21,294	\$ 419,747
Employee contributions		126,509		-	
Investment gain		266,735		3,596	270,331
Total additions		791,697		24,890	816,587
DEDUCTIONS					
Benefit payments		206,921		-	206,921
Administrative expenses		57,248		63	 57,311
Total deductions		264,169		63	264,232
NET ASSETS HELD IN TRUST FOR		527,528		24,827	552,355
PENSION BENEFITS					
Beginning of year		1,860,531		23,293	 1,883,824
End of year	\$	2,388,059	\$	48,120	\$ 2,436,179

The accounting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to local governments. Summary of significant accounting policies followed by the City are presented below.

REPORTING ENTITY

The City of Takoma Park, Maryland (the City) was incorporated in 1890 with its legal authority derived from Chapter 310, Section 2 of the Annotated Code of Maryland. The City is to be construed to mean both the City and its inhabitants. Since inception, the City has operated under the Council-Manager form of government. Services provided include refuse, streets and drainage, recreation and parks, police, planning and zoning, community development, and housing services.

For financial reporting purposes, in conformance with accounting principles generally accepted in the United States of America, the reporting entity includes the Mayor and City Council, the primary government and the following fiduciary funds.

City of Takoma Park Police Retirement Plan City of Takoma Park Employees 401(k) Plan

The City has no component units as defined by generally accepted accounting principles.

Additional information and actuarial reports for the pension plan and additional plan information for the 401(k) plan may be obtained from the City Clerk's office, 7500 Maple Avenue, Takoma Park, Maryland 20912.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The statement of net assets and the statement of changes in net assets report information on all of the non-fiduciary activities of the City. Eliminations have been made to remove the effect of interfund activity from these statements. Governmental activities are those which are supported by taxes and intergovernmental revenues, whereas business type activities are those supported through customer service charges. The City does not have any business type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those specifically associated with a program or function. Program revenues include charges for services and grants and contributions restricted to the capital or operational requirements of specific programs or functions. Revenues that are not classified as program revenues, such as taxes, are reported as general revenues.

Separate financial statements are shown for governmental funds and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The accounting and financial reporting is determined by its measurement focus. Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Property taxes are recognized in the year of levy and grants are recognized when all eligibility requirements are met. For pension trust funds, employee and employer contributions are recognized as revenues in the period in which employee services are performed.

Governmental fund statements are presented using the flow of economic resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). Measurable means the amount of the transaction that can be determined and available means collected within 60 days of the year end. Expenditures are recorded when the related liability is incurred as in the accrual basis of accounting. However, principal and interest on long term debt and expenditures for compensated absences are recorded when the payments are due.

Those revenues susceptible to accrual are property taxes, taxes collected by the state and county on behalf of the City, franchise taxes, revenues from other agencies, interest revenue and charges for services. Fines and forfeitures, licenses, permits, penalties and interest (on property taxes) and other revenues become measurable and available when cash is received by the City and are recognized as revenue at that time.

The City has one major governmental fund, the general fund. It is used to account for all activities of the government not accounted for in another fund. The general fund accounts for the normal recurring activities of the City such as police, public works, recreation and parks, general government, etc. These activities are financed primarily by property taxes, other taxes, service charges and grants from other governmental units.

The effect of interfund activity has been eliminated from the government-wide financial statements.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

Cash equivalents and investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months. Cash deposits of the City are made in accordance with the Annotated Code of Maryland (the code), which requires depositories to give security in the form of collateral as provided for in the Code, for the safekeeping of these deposits.

Excess funds are also permitted to be invested either in bonds or other obligations for the payment of principal and interest of which the full faith and credit of the United States of America are pledged, obligations of Federal government agencies issued pursuant to acts of Congress, or in the local government invest pool created by the state of Maryland. The pension Trust Funds are also authorized to invest in corporate bonds and notes, preferred stocks and common stocks. Investments are reported at fair value. Net assets available for benefits used to calculate the unfunded pension obligation in the Pension Trust Funds are also reported at fair value.

Receivables and payables

Property taxes are reported at their estimated collectible value. The following summarizes the property tax calendar:

	Real Property	Personal and Corporate
Assessment roll validated:	Dec. 31	Jan. 1
Tax rate ordinance approved:	June 30	June 30
Beginning of fiscal year for which taxes have been levied:	July 1	July 1
Tax bills rendered and due:	July 1	On County bill
Owner-occupied residential:	July 1 and Jan. 1	July 1 and Jan. 1
Property taxes payable:		
Delinquent	Oct. 1, Feb. 1	After 30 days
Terms	60 days	30 days
Delinquent interest	18%	18%

Information presented is for "full year" levy. "Half year" levy dates are each 6 months later, and relate to new construction in the first six months of the calendar year. A lien is attached to property on the billing date, becomes delinquent October 1 and is sold at tax sale by the end of 18 months.

Allowances for uncollectible accounts are maintained on all types of receivables that historically experience bad debt. Receivables are shown net of such an allowance for uncollectibles. Real property taxes are generally fully collectible.

ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (CONTINUED)

Capital assets

Capital assets, which include property, plant and equipment and infrastructure such as roads, storm drains and pipe systems are reported in the governmental fund in the government-wide financial statements. As allowed by GASB #34, the City has not yet included infrastructure assets which were in existence at July 1, 2003. The City will include them within the timeframe allowed by GASB #34. The City defines capital assets as those which have an acquisition cost or donated value of at least \$5,000 and an estimated useful life of three years or more. Such assets are valued at historical or estimated historical cost if actual is not available. Donated assets are stated at their donated value at the date of donation. The cost of normal maintenance and repairs that do not add value or extend asset lives are not capitalized.

Expenditures for major assets and improvements are capitalized as the assets are acquired or constructed. Interest on debt during the construction period is capitalized. Exhaustible capital assets are depreciated, which is charged as an expense against their operations. Accumulated depreciation is reported in the statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. Estimated useful lives are as follows

Buildings 20 - 40 years Improvements other than buildings 25 - 50 years Equipment 4 - 10 years

Long-term obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. In the governmental fund financial statements, the face amount of newly issued debt is reported as other financing sources and the amount of principal repayment is reported as an expenditure.

Compensated absences

Vested or accumulated vacation is accrued when earned by employees and a liability is recorded in the government-wide financial statements. No liability is recorded for nonvesting accumulated rights to receive sick pay benefits as the City does not pay these amounts when employees separate from service.

The City pays all outstanding vacation leave at separation. The accrual is included in "Non-current Liabilities" in the government-wide statements and is \$339,237. A liability for vacation pay is recorded in the governmental fund financial statements only if they are expected to be liquidated with current resources.

ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (CONTINUED)

Fund equity

The government-wide financial statements utilize a net asset presentation. Net assets are categorized as invested in capital (net of related debt), restricted and unrestricted.

- Invested in capital assets, net of related debt This category groups all capital assets including infrastructure into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributed to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted net assets This category presents external restrictions imposed by creditors, grantors or laws and regulations of other governments.
- *Unrestricted net assets* This category presents the net assets of the City not included elsewhere.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent management's tentative plans for their usage. These plans are subject to change.

NOTE 1 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary information

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1. Prior to July 1, the budget is legally enacted through passage of an ordinance.
- 2. The budget ordinance becomes effective July 1 and provides spending authority for the operations of the City government.
- 3. In compliance with the City Charter, an amount (not less than 2% of total budgeted revenue) is included as part of the proposed expenditures as unappropriated reserves. The account is maintained to meet extraordinary or unanticipated expenditures as directed by the Council.
- 4. Subsequent to passage of the budget ordinance, the City Council may approve supplemental expenditures.
- 5. Management may make adjustments to the budget up to \$10,000 without approval of the governing body.
- 6. At the end of the fiscal year, unencumbered appropriations lapse.
- 7. The budget for the General Fund and the following funds within the Special Revenue Fund Types: Storm Water Management, Community Development Block Grant, Program Open Space and Other Special Revenue are adopted on a basis consistent with budget estimates. Budgetary control is maintained at the fund level.
- 8. The budget information presented in the accompanying general purpose financial statements includes all budget ordinances and amendments as approved by the Mayor and City Council for the fiscal year ending June 30, 2004. No annual budget and actual comparisons are presented in the general purpose financial statements for governmental funds utilizing project based budgets.
- 9. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances are reported as reservations of fund balances on the balance sheet since they do not constitute expenditures or liabilities under the GAAP basis of accounting.

NOTE 1 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Reconciliation of Budgetary Basis and GAAP Basis

Actual results of operations are presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Revised Budget and Actual - General Fund and Special Revenue Fund Types on the non-GAAP budget basis of accounting in order to provide a meaningful comparison of actual results with budget estimates. Under the budget basis, encumbrances are recorded as the equivalent of expenditures, as opposed to only a reservation of fund balance as on a GAAP basis. Additionally, interest earned on amounts held as reservations of fund balance are not budgeted and, therefore, are excluded under the budget basis. The other financial statements are presented on the GAAP basis.

Adjustments necessary to convert the results of operations and fund balance for fiscal year 2004 from the budget basis to the GAAP basis are as follows:

	Revenues	Other Financing Sources (Uses)	Expenditures and Encumbrances	Current Year Effect on Fund Balance
General Fund: Budget basis before appropriation of				
fund balance Effect of encumbrances	\$ 13,264,112	\$ (3,000,038)	\$ 13,307,150 <u>137,066</u>	\$ (3,043,076) (137,066)
GAAP Basis	\$ 13,264,112	\$ (3,000,038)	<u>\$ 13,444,216</u>	\$ (3,180,142)

NOTE 2 – CASH AND TEMPORARY INVESTMENTS

The City maintains its funds in a commercial bank and the Maryland Local Government Investment Pool that is available for use by all of the City's funds. Additionally, separate cash accounts are maintained by the Community Development Block Grant (CDBG) and Rehabilitation Loans and Grants Funds.

Deposits

At year-end, the carrying amount of the City's deposits was \$464,204 and the bank balance was \$569,678. Of the bank balance, \$100,000 was covered by federal depository insurance and \$-0- was uncollateralized. The cash balance also includes cash on hand of \$1,227.

Statutes authorize secured time deposits in Maryland banks and require uninsured deposits to be fully collateralized.

NOTE 2 – CASH AND TEMPORARY INVESTMENTS (CONTINUED)

Investments

Statutes authorize the City to invest in obligations of the United States government, federal government agency obligations, and repurchase agreements secured by direct government or agency obligations.

The City is a participant of the Maryland Local Government Investment Pool (MLGIP), which provides all local government units of the state a safe investment vehicle for the short term investment of funds. The State Legislature created MLGIP with the passage of Article 95 22G, of the Annotated Code of Maryland. The MLGIP, under the administrative control of the State Treasurer, has been managed by a single Baltimore based financial institution, Mercantile-Safe Deposit and Trust Company. An MLGIP Advisory Committee of current participants was formed to review, on a quarterly basis, the activities of the Fund and to provide suggestions to enhance the pool. The fair value of the position in the pool is the same as the value of the pool net assets (shares).

The City's investments are categorized to give an indication of the level of custodial risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by a broker's safekeeping department or by its agent, but not in the City's name.

		C	Category		Carrying		Fair	
	1	2		3		Amount	Value	
Repurchase agreements Marketable certificates of deposit Total	\$ - 2,119,728 \$ 2,119,728	\$ 	381,140	\$ 	-	\$ 381,140 2,119,728 2,500,868	\$ _	381,140 2,119,728 2,500,868
Investments and deposits not requiring categorization: Investments in the Maryland Local Government Investment Pool Fiduciary Funds						633,726 2,436,179	_	633,726 2,436,179
Total						\$ 5,570,773	<u>\$</u>	5,570,773

NOTE 3 – PROPERTY TAXES

Taxes are levied as of July 1 and are delinquent after September 30. Property taxes are attached as an enforceable lien on the underlying properties and are sold at public auction in the succeeding June by Montgomery County. Property tax revenues are recognized in the year levied and when they become available, including amounts expected to be collected soon enough after the end of the year to be used to pay liabilities of the current period (estimated by the City as 60 days). At June 30, 2004 taxes receivable, net of an allowance for uncollectibles of \$113,044 amounted to \$206,885.

Real and personal property taxes are levied at rates enacted by the Mayor and Council in the annual budget ordinance on the assessed value of the property as determined by the Maryland State Department of Assessments and Taxation. The rates of levy cannot exceed the constant yield tax rate furnished by the Maryland State Department of Assessments and Taxation without public notice and only after public hearings.

The real and personal property tax rate for fiscal year 2004 was \$.66 per \$100 and \$1.65 per \$100, respectively, of assessed value. The City charges taxpayers interest (at the rate of 2/3 of 1% per month) and penalties (at the rate of 1% per month) on all overdue taxes.

NOTE 4 - NOTES RECEIVABLES, NET

Special revenue funds

Notes receivable recorded in the Special Revenue Funds consist mainly of below market interest rate loans made to City homeowners of low and moderate income through the rehabilitation loan and grant program, for the purpose of conforming their homes to locally adopted codes. These notes are amortized over periods in excess of one year and, therefore, a reservation of fund balance has been provided to reflect the noncurrent nature of these receivables (see Note 9). At June 30, 2004, notes receivable - Special Revenue Funds, net of allowances for uncollectibles of \$27,403, amounted to \$239,355.

NOTE 5 – INTERFUND BALANCES

The balances at June 30, 2004 of individual fund interfund borrowings were as follows:

	Due from Other Funds	Due to Other Funds	
General fund	\$ 583,040	\$ 492,371	
Special revenue funds:			
Rehabilitation loans and grants	-	3,248	
Montgomery County – CDBG	-	-	
Program open space	-	-	
Other special revenue	207,356	630,100	
Stormwater management	116,567	200,000	
Community center	626,112	207,356	
Total special revenue funds	950,035	1,040,704	
Total	<u>\$ 1,533,075</u>	<u>\$ 1,533,075</u>	

NOTE 6 – DUE FROM OTHER GOVERNMENTS

The June 30, 2004 General Fund balance of due from other governments is as follows:

State of Maryland:	
Income tax	\$ 205,666
Income tax reserve	395,698
Highway user tax	79,629
Montgomery County - grants	39,798
Other	 40,675
Total	\$ 761,466

NOTE 7 – GENERAL FIXED ASSETS AND OTHER PROPERTY

A summary of changes in the General Fixed Assets Account Group during fiscal year 2004 follows:

	Balance, June 30, 2003	Additions	Deletions	Balance June 30, 2004	
Capital assets (not being depreciated) Land Construction in progress	\$ 1,781,269 -	\$ - 3,596,619	\$ - -	\$ 1,781,269 3,596,619	
Capital assets (being depreciated) Buildings Improvements other than buildings Equipment	2,974,641 1,149,382 3,114,047 9,019,339	- - 318,668 3,915,287	- - - 115,655 115,655	2,974,641 1,149,382 3,317,060 12,818,971	
Less – accumulated depreciation for: Buildings Improvements other than buildings Equipment	(1,545,662) (510,591) (1,612,604)	(104,980) (54,596) (286,649)	- - (112,667)	(1,650,642) (565,187) (1,786,586)	
Total capital assets	<u>\$ 5,350,482</u>	\$ 3,469,062	\$ (2,988)	<u>\$ 8,816,556</u>	

NOTE 8 – LONG-TERM DEBT

The following is a summary of changes in the City's general long-term debt for the year ended June 30, 2004:

,		Balance, ne 30, 2003		t Increase Decrease)		lance June 30, 2004		e Within ne Year	Coupon Interest Rate	Date of Maturity
Notes payable:										
Long-term note - Maryland										
Industrial and Commercial										January 1997
Redevelopment Fund (MICRF)	\$	37,260	\$	(5,000)	\$	32,260	\$	5,000	7.1%	through 2011
Loan payable – Montgomery	Φ	37,200	Φ	(3,000)	Ψ	32,200	Ψ	3,000	7.170	unough 2011
County		305,000		(50,000)		255,000		50,000	N/A	
Other long-term liabilities:										
Bonds payable		257,166		(20,167)		236,999		236,999	8.0%	September 2015
Bonds payable		1,978,800		(71,800)		1,907,000		73,300	Variable	May 2022
Capital lease payable		344,461		(49,234)		295,227		51,244	4.2422%	September 2009
Capital lease payable		-		15,359		15,359		6,273	4.25	October 2006
Accrued obligations for										
compensated absences		452,503		23,981		476,484		137,246	-	-
Net pension obligation	_	13,597			_	13,597			-	-
Total general long-term debt	\$	3,388,787	\$	(156,861)	\$	3,231,926	\$	560,062		

a. Notes and Bonds

On February 3, 2003, the City and State renegotiated the remaining balance of a MICRF loan. Under the new terms, the loan has a 0.0% interest rate and matures on February 1, 2011. The principal is to be repaid in eight annual installments of \$5,000 and one final payment of \$2,260.

Fiscal Years	Principal
2005	\$ 5,000
2006	5,000
2007	5,000
2008	5,000
2009	5,000
2010-2011	7,260
Total	<u>\$ 32,260</u>

The City entered into a Memorandum of Understanding Agreement with Montgomery County, Maryland during fiscal year 2000 related to certain infrastructure repair work in the area of Pinecrest. Under this agreement, the County made an interest free loan to the City in the amount of \$455,000 to be used for the infrastructure repair work. As repayment to the County, the County will reduce its annual Municipal Tax Duplication payments to the City for a period of nine years beginning in fiscal year 2000.

NOTE 8 – LONG-TERM DEBT (CONTINUED)

The reductions will be made as follows:

Fiscal Years	
2005	\$ 50,000
2006	50,000
2007	50,000
2008	50,000
2009	55,000
Total	<u>\$ 255,000</u>

In 1995, the City borrowed \$315,000 to purchase property located in Takoma Junction. The City refinanced this loan in 1998 for a three-year term, with a balloon payment at the end of the loan. The City extended this loan in 2001. The 2001 extension provided for an annual payment of \$20,167 with an interest rate of 6.00%. The principal balance as of June 30, 2004 was \$236,999. At the end of the loan period in September 2004, the City will need to determine whether to extend the loan again or to pay off the remaining principal balance. The City will no longer make debt service payments if the property is sold.

The annual installments for the repayment of the loan and bond as of June 30, 2004 are as follows:

Fiscal Years	Principal	Interest	<u>Total</u>	
2005	<u>\$ 236,999</u>	<u>\$ 18,153</u>	<u>\$ 255,152</u>	

On April 16, 2002, the City participated in a bond issuance with the Maryland Department of Housing and Community Development. The issuance was limited to an aggregate principal balance of \$2,048,700 to be used for the construction of a community center.

The annual installments for the repayment of the bond as of June 30, 2004 are as follows:

Fiscal Years	Principal		Interest		Total	
2005	\$	73,300	\$	80,668	\$	153,968
2006		76,700		78,470		155,170
2007		78,400		75,976		154,376
2008		81,900		73,390		155,290
2009		85,300		70,524		155,824
2010-2014		479,900		250,096		729,996
2015-2019		598,100		188,884		786,984
2020-2022		433,400		42,194	_	475,594
Total	\$	1 , 907 , 000	\$	860,202	<u>\$</u>	2,767,202

NOTE 8 – LONG-TERM DEBT (CONTINUED)

b. Capital Lease

The City has entered into two capital lease agreements for the purchase of equipment. The equipment underlying these agreements are police equipment with an original cost of \$380,000 and a street sweeping machine with an original cost of \$19,475. The minimum lease payments are as follows:

Fiscal Year	Police Equipment		Street Sweeper		Total	
2005	\$	62,839	\$ 6,926	\$	69,765	
2006		62,839	6,926		69,765	
2007		62,839	2,309		65,148	
2008		62,839	-		62,839	
2009		62,839	-		62,839	
2010		15,712	 		15,712	
Total payments		329,907	16,161		346,068	
Interest portion		34,680	 802	_	35,482	
Present value of lease payments	S	295,227	\$ 15,359	\$	310,586	

c. Conduit Debt

From time to time, the City has issued industrial revenue bonds pursuant to the Maryland Economic Development Revenue Bond Act to provide financial assistance to a local hospital. These bonds facilitate certain capital expenditures, construction projects, acquisition of equipment, and refinancing of prior indebtedness of the Washington Adventist Hospital. By promoting increased industry and commerce, retention of existing industry and commerce, and generally promoting the health, welfare, and safety of the residents of the City, the issuance of these bonds is deemed to be in the public interest. Neither the bond principal or interest thereon shall ever constitute an indebtedness or a charge against the general credit or taxing powers of the City. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At June 30, 2004, the aggregate principal amount of the outstanding bonds owed by the hospital was \$43,880,000.

NOTE 9 – FUND BALANCES

The fund balance of the Governmental Funds are reserved for the following:

	General Fund	Special Revenue Funds
Notes receivable	\$ -	\$ 239,355
Equipment replacement	884,837	-
Emergency	312,421	-
Encumbrances	18,675	-
Capital expenditures	_	241,199
Total	<u>\$ 1,215,933</u>	\$ 480,554

The City has reserved \$884,837 and \$312,421 at June 30, 2004 for Equipment Replacement and Emergency, respectively, in compliance with the City Charter. The Charter requires a reservation for replacement of major pieces of equipment whose cost is a minimum of 5% of annual General Fund revenues. The Charter also requires a minimum reservation of \$250,000 to cover emergencies, plus a percentage increase each year, equal to the percentage increase in the Consumer Price Index. Amounts are to be used for future equipment replacement and emergencies as deemed necessary by the Mayor and City Council.

The fund balance of the Special Revenue Funds is reserved for the noncurrent nature of notes receivable in the amount of \$239,355 and capital expenditures of \$241,199.

NOTE 10 – RETIREMENT COMMITMENTS

a. Pension Plans

Plan Description

The employees of the City are covered by the following agent multiple-employer pension systems:

- Employees' Retirement System of the State of Maryland
- Pension System for Employees of the State of Maryland

The systems provide pension and death and disability benefits to plan members and beneficiaries. The plan is administered by the State Retirement Agency ("Agency"). Responsibility for the administration and operation of the System is vested in a 14-member Board of Trustees. The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland. The Agency issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Office of Legislative Audits, State Office Building, 301 West Preston Street, Baltimore, Maryland, 21201, or by calling (410) 767-1400.

NOTE 10 – RETIREMENT COMMITMENTS (CONTINUED)

Funding Policy

The State Personnel and Pensions Article requires active members to contribute to the System at the rate of 2% or 7% of their covered salary depending upon the retirement option selected. The combined State contribution rate for 2001 of 9.31% of covered payroll is established by annual actuarial valuations. The rate is sufficient to fund normal costs and amortize the unfunded actuarial accrued liability over a 40-year period (as provided by law) from July 1, 1980.

Annual Pension Cost

For the year ended June 30, 2004, the City's annual pension cost of \$243,843 was equal to its required and actual contributions. This required contribution was determined as part of the June 30, 2001 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 8.0% investment rate of return, compounded annually, (b) projected salary increases of 5% compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.94% to 6.82% per year attributable to seniority and merit, (d) post-retirement benefit increases ranging from 3% to 6% per year depending on the system, (e) rates of mortality, termination of service, disablement and retirement based on actual experience from 1981 to 1996, and (f) the aggregate active member payroll is assumed to increase by 5% annually. The actuarial value of the Systems' assets was determined using techniques that smooth the effects of short term volatility in the market value of investments by using a simplified three-year moving average. The City's unfunded actuarial accrued liability is amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2004 was 16 years.

Three-year trend information for The City of Takoma Park Employees Retirement and Pension System:

Fiscal Year Ending	P	Annual ension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation			
June 30, 2003	\$	243,810	100%	\$ -			
June 30, 2002		210,772	100%	-			
June 30, 2001		292,075	100%	-			

Required Supplemental Information - Schedule of Fund Progress for the State Retirement and Pension Systems of Maryland.

NOTE 10 – RETIREMENT COMMITMENTS (CONTINUED)

(expressed in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
June 30, 2003	\$ 32,631,464	\$ 34,974,600	\$ 2,343,136	93.00%	\$ 8,134,419	28.81%
June 30, 2002	32,323,263	34,131,284	1,808,021	94.70	7,867,794	22.98
June 30, 2001	31,914,778	32,469,942	555,164	98.29	7,418,720	7.48

The above information is for the system as a whole because it is not made available for individual participants.

b. Police Department Pension Plan

General

This Pension Plan is a single-employer contributory defined benefit pension plan established by City ordinance. The plan is governed by the City of Takoma Park which is responsible for the management of plan assets. The City has delegated the authority to manage plan assets to Bolton Offutt Donovan, Inc.

Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period that contributions are due.

Method Used to Value Investments

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated values.

Plan Membership

As of July 1, 2004, the pension plan's membership consisted of:

Active employees	37
Retirees and beneficiaries currently receiving benefits	7
Terminated employees entitled to benefits but not yet	
receiving them	1
Total	45

NOTE 10 – RETIREMENT COMMITMENTS (CONTINUED)

Contribution Information and Funding Policy

The plan covers sworn police officers who are employed on a regular full-time basis who are not participants in the defined contribution plan. Provisions of the Plan include retirement, disability and death benefits to plan members and their beneficiaries. Cost of living adjustments are provided at the discretion of the City Council.

Contributions to the Plan made by the City are based on an actuarially determined rate. The police officers contribute to the plan based on 7% of salaries. Member's actual contributions were \$126,509 at June 30, 2004. Administrative costs are financed through investment earnings.

The contribution requirements of the City are established and may be amended by the City Council. The actuarially required contribution rate and the amount paid into the plan for the year ended June 30, 2004 was \$398,453.

Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$ 398,453
Interest on NPO	
Annual pension cost	398,453
Contributions made	(398,453)
Increase in net pension obligation	-
Net pension obligation, beginning of year	13,597
Net pension obligation, end of year	<u>\$ 13,597</u>

The annual required contribution for the current year was determined as part of the first actuarial valuation on July 1, 2001 using the projected unit credit method. The actuarial assumptions included (a) 8.0% investment rate of return (net of administrative expenses) and (b) projected salary increases at 5.5% compounded annually per year. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of assets was determined using the market value method. The unfunded actuarial accrued liability is being amortized as a level dollar of projected payroll on an open basis. The remaining amortization period at June 30, 2001 was 20 years, which is reestablished each year.

NOTE 10 – RETIREMENT COMMITMENTS (CONTINUED)

Trend Information (Dollar amounts in thousands)

Fiscal Year Ending	\$ 30, 2003 \$ 398,453	Percentage of APC Contributed	 t Pension bligation	
June 30, 2003	\$	398,453	0.0%	\$ -
June 30, 2002		343,348	99.7%	1,007

Required Supplemental Information - Schedule of Fund Progress for the Police Department Pension Plan. (expressed in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
June 30, 2004	\$ 2,388,059	\$ 8,309,009	\$ 5,920,950	29.0%	\$ 1,876,807	315.0%
June 30, 2003	1,860,531	7,245,960	5,385,429	25.7	1,856,566	290.1
June 30, 2002	1,434,950	5,934,249	4,499,299	24.2	1,923,210	233.9

c. 457 Deferred Compensation Plan

All employees of the City government may participate in the deferred compensation plan organized under the Internal Revenue Code Section 457, and administered by International City Management Association Retirement Corporation ("ICMA-RC"). Under the terms of the plan, participating employees may have a portion of their salaries withheld, subject to limitations imposed by the Internal Revenue Service, and invested in the plan. All taxes are deferred on these contributions and related earnings until the participant terminates from the plan. The City is in compliance with the Internal Revenue Code Section 457(g) requiring all assets and income of the plan to be held in trust for the exclusive benefit of participants and their beneficiaries. Management's involvement with the plan is limited to transferring amounts withheld from payroll to the Plan Administrator. Management has little administrative involvement with the plan and does not perform the investing function for the plan. Accordingly, the fair value of the plan assets are not reflected in the City's financial statements.

The City of Takoma Park Governmental Money Purchase Plan & Trust is a defined contribution pension plan established to provide benefits to certain employees. At June 30, 2004 there were two plan participants. The City is required to contribute \$5,000 each year and the participants are not required to contribute to the plan. Plan provisions and contribution requirements are established and may be amended by the City of Takoma Park Council. The City's contribution to the plan for the year ended June 30, 2004 was \$21,294.

NOTE 11 – COMMITMENTS AND CONTINGENT LIABILITIES

The City participates in certain federally-assisted grant programs, the principal of which are Community Development Block Grants. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial which has been the case in previous program audits.

NOTE 12 – POST RETIREMENT BENEFITS

The City does not provide and therefore has no liability for post retirement benefits at June 30, 2004.

NOTE 13 – RISK MANAGEMENT

The City's risk financing techniques include participation in a public entity pool and the purchase of commercial insurance.

For property, general, excess and environmental liability coverage, the City became a member of the Maryland Local Government Insurance Trust (LGIT). This trust is a public entity risk pool which is owned and directed by the local governments that subscribe to its coverages and operates under the terms of a Trust Agreement.

The City pays LGIT an annual premium. Claims are processed and recoveries and administrative costs are paid by LGIT. Similar to a commercial insurance carrier, recoveries are subject to deductibles and to annual aggregate/per occurrence dollar limits. No insurance settlement has exceeded the coverage in any of the past three fiscal years.

The City is fully insured for worker's compensation through the Montgomery County Self Insurance Plan. Employees are bonded through commercial insurance carriers to limit the loss to the City in the event of employees committing acts of embezzlement or theft.

NOTE 14 – SUBSEQUENT EVENT

In November 2004, the City and the Contractor for the Community Center Project reached an agreement to increase the total contract by \$230,000 due to unforeseen conditions.

SUPPLEMENTAL INFORMATION

CITY OF TAKOMA PARK, MARYLAND GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - REVISED BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

		Original Budget		Final Budget		Actual		Variance Positive (Negative)		
REVENUES										
Taxes:										
Property										
Real property	\$	6,088,503	\$	6,088,503	\$	6,078,458	\$	(10,045)		
Business or other property		533,373		533,373		584,779		51,406		
Penalty and interest		35,000		35,000		39,162		4,162		
Additions and abatements		-				(16,389)		(16,389)		
Total property		6,656,876		6,656,876		6,686,010		29,134		
Local Taxes										
Admission and amusement	_	100		100		39		(61)		
		100		100		39		(61)		
Shared Taxes										
Highway		287,000		287,000		349,128		62,128		
Income tax		1,365,000		1,365,000		1,583,275		218,275		
Total shared taxes	_	1,652,000		1,652,000	_	1,932,403		280,403		
Total taxes		8,308,976		8,308,976		8,618,452		309,476		
Licenses and permits		38,000		57,854		60,841		2,987		
Fines and forfeitures		144,500		144,500	_	104,539		(39,961)		
Use of Money and Property:										
Interest and dividends		160,000		160,000		67,280		(92,720)		
Xerox commissions				-		-				
Total use of money and property		160,000	_	160,000		67,280		(92,720)		
Charges for Services:										
Public parking fines		60,000		60,000		48,343		(11,657)		
Protective inspection fees		293,000		293,000		175,322		(117,678)		
Waste collection and disposal		86,000		86,000		79,656		(6,344)		
Takoma/Langley facility		208,000		208,000		218,251		10,251		
Other		-	12,624			13,829		1,205		
Total charges for services		647,000		659,624		535,401		(124,223)		

CITY OF TAKOMA PARK, MARYLAND GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE- REVISED BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

		Original Budget	Revised Budget			Actual	Variance Positive (Negative)		
REVENUES - Continued	-								
Intergovernmental Revenues:									
Police protection	\$	455,886	\$	455,886	\$	394,081	\$ (61,805)		
Bank share tax		8,658		8,658		5,948	(2,710)		
Other county grants		-		-		-	-		
Montgomery County tax		2,933,820		2,933,820		2,994,618	60,798		
Takoma/Langley Recreation Center		100,000		100,000		100,000	 _		
Total intergovernmental revenues		3,498,364		3,498,364		3,494,647	 (3,717)		
Miscellaneous revenue - other		193,500		278,333		382,952	 104,619		
Total revenues		12,990,340	_	13,107,651		13,264,112	 156,461		
EXPENDITURES									
General Government:									
Mayor and Council		91,085		113,385		99,863	13,522		
City administrator		1,012,741		1,012,741		1,089,962	(77,221)		
Finance		348,802		348,802		381,152	(32,350)		
Law		112,000		129,000		215,532	(86,532)		
Systems administration		199,137		235,137		241,359	 (6,222)		
Total general government		1,763,765		1,839,065		2,027,868	 (188,803)		
Public Safety:									
Office of the Chief		468,166		468,166		359,010	109,156		
Community services		329,893		329,893		336,584	(6,691)		
Patrol		2,189,515		2,189,515		2,375,735	(186,220)		
Criminal investigations		759,473		759,473		522,590	236,883		
Administration		701,280		701,280		535,588	 165,692		
Total public safety		4,448,327		4,448,327		4,129,507	 318,820		
Public Works:									
Administration		268,138		268,138		345,031	(76,893)		
Government buildings		449,070		456,497		458,446	(1,949)		
Repair shop		440,306		440,306		405,276	35,030		
Sanitation		722,340		727,340		733,733	(6,393)		
Street and urban forrest		404,247		421,371		425,378	(4,007)		
Right-of-way		794,553		801,980		759,648	42,332		
Total public works		3,078,654		3,115,632	_	3,127,512	 (11,880)		

CITY OF TAKOMA PARK, MARYLAND GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE- REVISED BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)		
EXPENDITURES - Continued						
Housing and Community Development: Administration	980,326	983,326	955,228	28,098		
Recreation and Culture:						
Administration	979,126	981,626	911,957	69,669		
Library and media	1,024,785	1,024,785	984,298	40,487		
Total recreation and culture	2,003,911	2,006,411	1,896,255	110,156		
Nondepartmental	910,374	751,554	624,791	126,763		
Capital outlay	520,000	653,507	238,901	414,606		
Debt Service:						
Repayments	307,158	307,158	307,088			
Total expenditures	14,012,515	14,104,980	13,307,150	797,830		
Excess (deficiency) of revenues						
over expenditures	(1,022,175)	(997,329)	(43,038)	954,291		
OTHER FINANCING SOURCES (USES)						
Loan proceeds	20,000	20,000	19,475	(525)		
Operating transfers to:						
Special revenue	(3,825)	(47,121)	(340,900)	(293,779)		
Community Center		(2,678,613)	(2,678,613)			
Total other financing sources (uses)	16,175	(2,705,734)	(3,000,038)	(294,304)		
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses before						
fund balance appropriation	(1,006,000)	(3,703,063)	(3,043,076)	659,987		
APPROPRIATION OF FUND BALANCE	1,006,000	3,703,063	3,043,076	(659,987)		
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES AND						
FUND BALANCE APPROPRIATION	<u> </u>	<u> - </u>	<u> - </u>			

CITY OF TAKOMA PARK, MARYLAND **NON-MAJOR FUNDS** COMBINING BALANCE SHEET June 30, 2004 (With Comparative Totals for 2003)

					_	omery County	7							
	64	ormwater	Rehabilitation Loans and			ommunity	F	Program		Other		T.		
		anagement		oans and Grants		velopment ck Grants		Open Space		Special Revenue		2004	ais	2003
ASSETS	141	anagement		Grants	Diock Grants			Space		Kevenue		2004	_	2003
Cash and temporary investments	\$	218,744	\$	16,852	\$	106,161		-		-	\$	341,757	\$	319,785
Notes receivable, net		<u>-</u>		239,355		-		-		-		239,355		250,547
Other receivables		71,344		-		-		-		-		71,344		80,757
Due from General Fund		66,259		-		-		-		-		66,259		81,763
Due from other funds		50,308		-		-		-		207,356		257,664		708,969
Due from other governments								40,042		242,284		282,326		839,607
TOTAL ASSETS	\$	406,655	\$	256,207		106,161	\$	40,042	\$	449,640	\$	1,258,705		2,742,959
LIABILITIES AND FUND BALANCES														
LIABILITIES														
Accounts payable	\$	17,208	\$	_	\$	-	\$	1,255	\$	139,978	\$	158,441	\$	172,271
Due to General Fund		-		2,940		101,999		_		-		104,939		836,930
Due to other funds		200,000		308		-		37,170		490,931		728,409		501,434
Due to other governments		-		13,509		-		-		-		13,509		2,616
Deferred revenue		36,422		-		_		-		84,400		120,822		328,704
Total liabilities		253,630		16,757		101,999		38,425		715,309		1,126,120		2,303,666
FUND BALANCES														
Reserved for capital expenditures		-		-		-		-		241,199		241,199		-
Reserved for notes receivable		-		239,355		-		-		-		239,355		250,547
Total reserved		-		239,355		-		-		241,199		480,554		250,547
Unreserved, for debt payments		-		-		-		-		-		-		-
Unreserved (deficit), undesignated		153,025		95		4,162		1,617		(506,868)		(347,969)		188,746
Total fund balances		153,025		239,450		4,162		1,617		(265,669)		132,585		439,293
TOTAL LIABILITIES AND FUND BALANCES	\$	406,655	\$	256,207	\$	106,161	\$	40,042	\$	449,640	\$	1,258,705	\$	2,742,959

CITY OF TAKOMA PARK, MARYLAND NON-MAJOR FUNDS COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2004

(With Comparative Totals for 2003)

		mwater	Rehabilitation vater Loans and		Montgomery County Community Development			Program Open		Other Special		Tot	als	
REVENUES	Man	agement		Grants	Blo	ck Grants		Space	Revenue		-	2004		2003
Licenses and permits	\$	3.021	\$	_	\$	_	\$	_	\$	_	\$	3,021	\$	1,242
Use of money and property - interest income	Ψ	402	Ψ	150	Ψ	_	Ψ	_	Ψ	_	φ	552	Ψ	16,083
Charges for services		237,408		377		_		_		_		237,785		214,578
Intergovernmental grants and contracts				-		257,000		243,806		719,966		1,220,772		938,711
Total revenues		240,831	•	527		257,000		243,806		719,966		1,462,130		1,170,614
EXPENDITURES														
General government		_		11,719		_		_		345,552		357,271		786,414
Public safety		-		-		_		_		162,610		162,610		105,959
Public works		132,487		-		_		-		737,467		869,954		376,299
Housing and community development		· <u>-</u>		-		257,000		-		, <u>-</u>		257,000		´-
Recreation and culture		-		-		-		262,903		-		262,903		228,621
Capital outlay		-		-		-		-		_		_		67,316
Debt service		-		-		-		~		-		-		144,140
Total expenditures		132,487	-	11,719		257,000		262,903		1,245,629		1,909,738		1,708,749
Excess (deficiency) of revenues														
over expenditures		108,344		(11,192)		-		(19,097)		(525,663)		(447,608)		(538,135)
OTHER FINANCING SOURCES (USES)														
Loan proceeds		-		-		-		-		-		-		-
Operating transfer to community center		(200,000)		-		=		-		-		(200,000)		-
Operating transfer from General Fund		-				60,192		20,714	_	259,994		340,900		330,929
Total other financing sources (uses)		(200,000)				60,192		20,714		259,994		140,900		330,929
EXCESS (DEFICIENCY) OF REVENUES AND														
OTHER FINANCING SOURCES OVER														
EXPENDITURES AND OTHER FINANCING USES		(91,656)		(11,192)		60,192		1,617		(265,669)		(306,708)		(207,206)
FUND BALANCES, BEGINNING OF YEAR		244,681		250,642		(56,030)		_		<u>-</u>		439,293		646,499
FUND BALANCE, END OF YEAR	\$	153,025	\$	239,450	\$	4,162	\$	1,617	\$	(265,669)	\$	132,585	\$	439,293

CITY OF TAKOMA PARK, MARYLAND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES REVISED BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL MONTGOMERY COUNTY COMMUNITY DEVELOPMENT BLOCK GRANT FUND Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES Intergovernmental - grants and contracts	\$ 15,000	\$ 398,950	\$ 257,000	\$ (141,950)
Total revenues	15,000	398,950	257,000	242,000
EXPENDITURES Public works Total expenditures	15,000 15,000	398,950 398,950	257,000 257,000	141,950 141,950
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES) Operating transfer from General Fund Total other financing sources (uses)			60,192	60,192
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$	\$	\$ 60,192	\$ 60,192

CITY OF TAKOMA PARK, MARYLAND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES REVISED BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL PROGRAM OPEN SPACE

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES Intergovernmental - grants and contracts	\$ 129,000	\$ 226,145	\$ 262,449	\$ 36,304
Total revenues	129,000	226,145	262,449	36,304
EXPENDITURES Recreation and culture Total expenditures	129,000 129,000	244,604 244,604	262,903 262,903	<u>(18,299)</u> (18,299)
Excess (deficiency) of revenues over expenditures	-	(18,459)	(454)	(18,005)
OTHER FINANCING SOURCES (USES) Operating transfer from General Fund Total other financing sources (uses)	<u> </u>	18,459 18,459	20,714 20,714	2,255 2,255
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$	\$	\$ 20,260	\$ 20,260

CITY OF TAKOMA PARK, MARYLAND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES REVISED BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL OTHER SPECIAL REVENUE FUNDS

Original Budget	Final Budget	Actual	Variance Positive (Negative)
\$ 2,022,680	¢ 2 250 288	\$ 710.067	\$ (1,639,321)
2,022,689	2,359,288	719,967	$\frac{\psi(1,639,321)}{(1,639,321)}$
217,986	287,986	343,552	(55,566)
38,253	203,703	162,610	41,093
1,770,275	1,896,261	739,467	1,156,794
			-
2,026,514	2,387,950	1,245,629	1,142,321
(3,825)	(28,662)	(525,662)	(497,000)
3,825	28,662	259,994	231,332
3,825	28,662	259,994	231,332
\$ -	\$ -	\$ (265,668)	\$ (265,668)
	\$ 2,022,689 2,022,689 217,986 38,253 1,770,275 2,026,514 (3,825) 3,825 3,825	Budget Budget \$ 2,022,689 \$ 2,359,288 2,022,689 2,359,288 217,986 287,986 38,253 203,703 1,770,275 1,896,261 - - 2,026,514 2,387,950 (3,825) (28,662) 3,825 28,662 3,825 28,662	Budget Budget Actual \$ 2,022,689 \$ 2,359,288 \$ 719,967 2,022,689 2,359,288 719,967 217,986 287,986 343,552 38,253 203,703 162,610 1,770,275 1,896,261 739,467 - - - 2,026,514 2,387,950 1,245,629 (3,825) (28,662) (525,662) 3,825 28,662 259,994 3,825 28,662 259,994